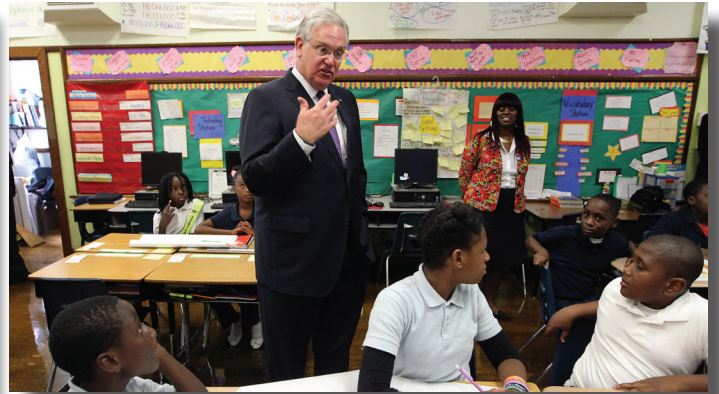


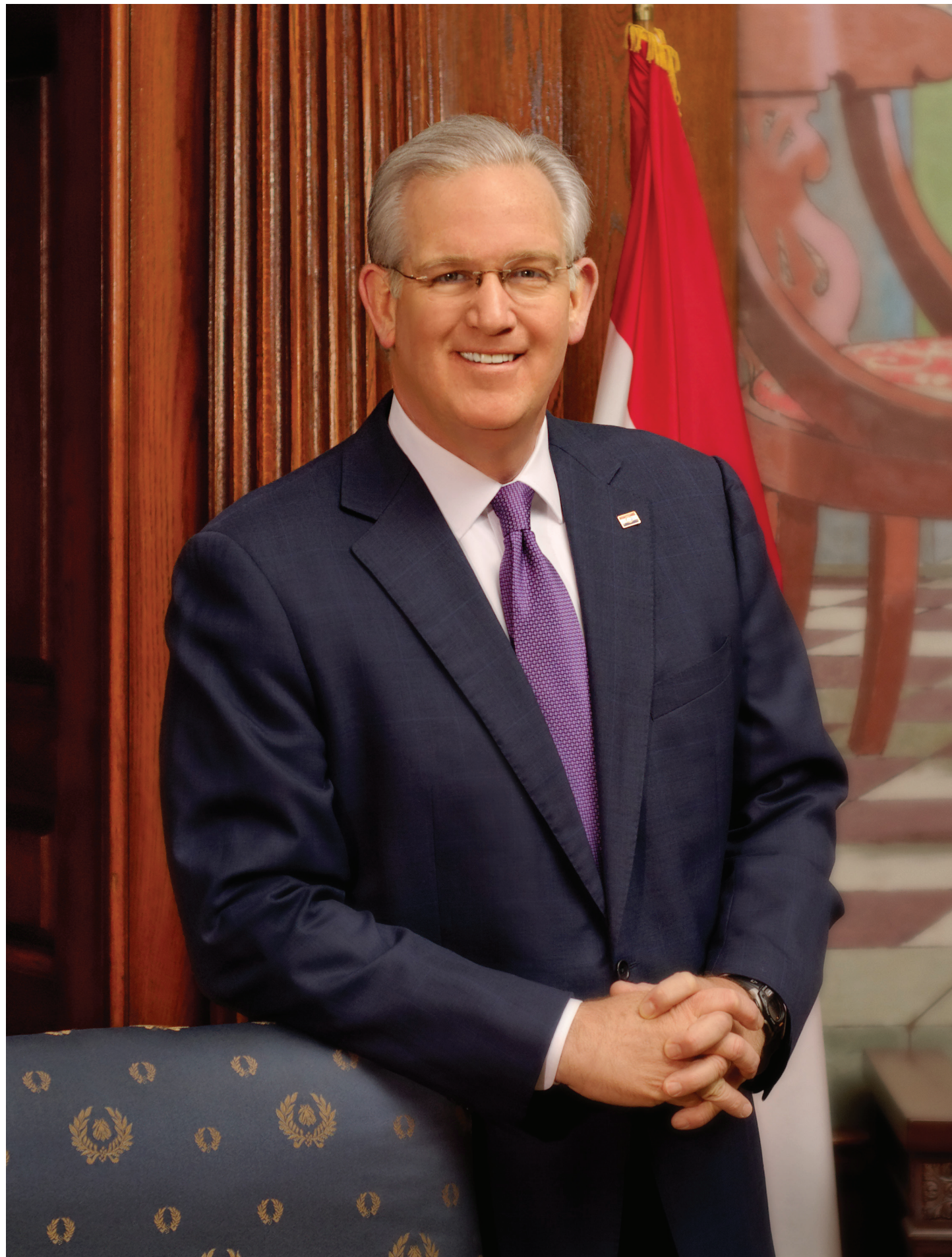
Missouri

Budget & Legislative Priorities

Fiscal Year 2016



Jeremiah W. (Jay) Nixon
Governor



GOVERNOR'S MESSAGE



JEREMIAH W. (JAY) NIXON
GOVERNOR

GOVERNOR OF MISSOURI
JEFFERSON CITY
65102

P.O. Box 720
(573) 751-3222

January 21, 2015

TO THE GENERAL ASSEMBLY AND THE PEOPLE OF MISSOURI:

By working together over the past six years, we have moved Missouri forward and maintained strong fiscal discipline. Our economy continues to accelerate. November numbers showed Missouri employers had added more than 42,000 jobs over the previous year and Missouri's unemployment rate stood at 5.6 percent, the lowest rate since May 2008.

Together, we have balanced the budget and downsized government, while investing in key priorities to continue moving our state forward. As a result, Missouri is one of only a few states to hold a spotless, AAA credit rating from all three rating agencies. This sound financial management and the continued growth of our economy will allow us to make targeted investments in the upcoming fiscal year.

Our top priorities will continue to unite us – investing in education to ensure the success of our students and the strength of our economy, providing vital health and mental health services, preserving critical infrastructure, and maintaining fiscal discipline.

- **Investing in education from preschool through college:** To build an economy to compete in the future, we must invest in students today. We must increase funding for early childhood education, K-12 classrooms, scholarships and performance funding for higher education, while continuing to demand greater accountability and results.
- **Strengthening our mental health safety net:** We must address gaps in mental health care by continuing both our successful Partnership for Hope Program and our effort to ensure there is no wait list for in-home Medicaid services for individuals with developmental disabilities. The most cost effective way to strengthen mental health services is to provide access to affordable health care to low-income, working Missourians through Medicaid expansion.
- **Expanding and reforming Medicaid:** Working Missourians deserve affordable health care. By expanding and reforming Medicaid, we can achieve that goal and bring our taxpayer dollars home to Missouri.
- **Preserving critical infrastructure:** We have an obligation to be good stewards of public assets. Through a fiscally responsible bond issuance we can make critical repairs and renovations to educational and state facilities.
- **Balancing the budget while holding the line on taxes:** We can make smart investments which will pay off for years to come while maintaining Missouri's status as a low-tax state.

I look forward to working with you on the important decisions that are before us. Together, we will keep Missouri moving forward.

Sincerely,

A handwritten signature in blue ink, reading "Jeremiah W. (Jay) Nixon".

Jeremiah W. (Jay) Nixon
Governor



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ACCOMPLISHMENTS

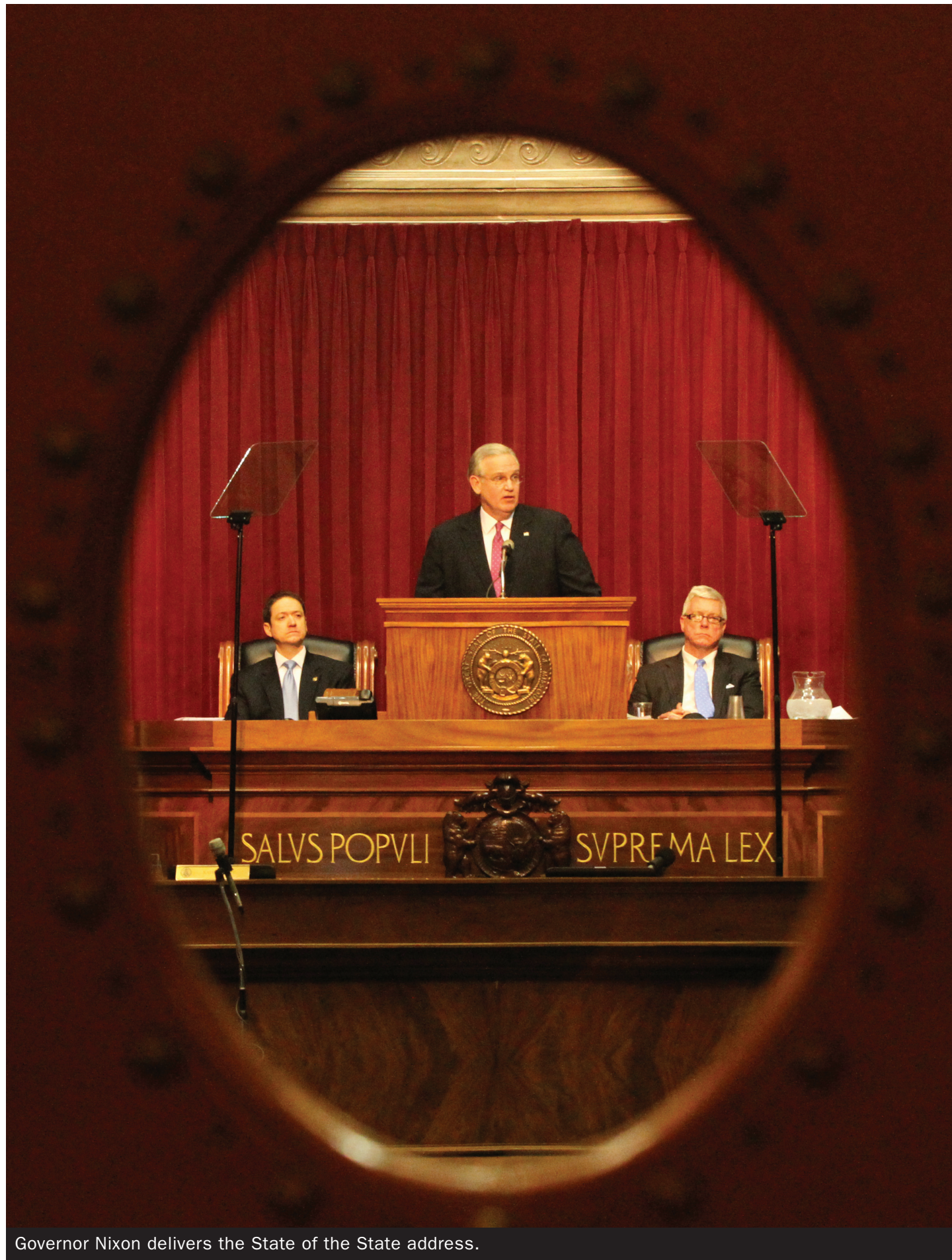
“ We’re here to focus on what matters and make a difference —
often times for people we’ll never meet. ”
~ Governor Jay Nixon

- ∞ **Balanced the budget** every year and decreased the size of state government
 - ∞ Retained Missouri’s **AAA bond rating** and paid down debt, **saving taxpayers** millions of dollars in interest
- ∞ Provided **record funding** for elementary and secondary **education**
 - ∞ Secured **historic investments** in the automotive manufacturing sector to save and **create** thousands of **jobs**
- ∞ Led the nation in **holding down** higher education **tuition increases**
 - ∞ Reorganized, **improved** and consolidated government **operations** to reduce administrative costs
- ∞ Directed the state’s response to **assist communities** following record disasters, which have affected 93 percent of Missouri counties



Governor Nixon and First Lady Nixon with First Dog of Missouri - Huck.

- ∞ Secured Missouri’s rating as one of the **top U.S. states for business**
 - ∞ Created the **Partnership for Hope** to support Missouri families caring for loved ones with developmental disabilities
- ∞ Promoted Missouri’s state parks, which earned a **Best Trails State** designation
- ∞ **Led the effort** to rebuild Fulton’s state mental health hospital to improve care and safety
 - ∞ Met with **Missouri troops** deployed in Iraq, Afghanistan, Kuwait and Germany
- ∞ **Streamlined** environmental permitting



Governor Nixon delivers the State of the State address.

LEADERSHIP

“ I have made it a priority since Day One to keep Missouri’s budget on a rock-solid foundation of fiscal discipline. ”

~ Governor Jay Nixon

Governor Nixon has kept Missouri on a fiscally responsible path, focusing resources on vital services – education, public safety, mental health care and programs that provide critical support to children and seniors. Over the past six years, the Governor has worked to right-size state government and put the state back on solid fiscal ground by reducing the state workforce, eliminating unnecessary government spending and maximizing efficiencies using technology. Governor Nixon’s Fiscal Year 2016 budget recognizes improved economic growth while safeguarding the state’s future fiscal health.



Governor Nixon talks with students during a roundtable discussion at Hazelwood West High School.

Missouri was named a **Top-10 state** for improving results for taxpayers by Pew-MacArthur Results First Initiative

Reduced state government’s workforce to the **lowest level** in over two decades

Missouri was one of only three states to receive an **A in State Technology Use** by improving citizen access to services

ADMINISTRATIVE EFFICIENCIES

- Eliminated more than 60 boards and commissions and 760 appointed positions
- Reduced state employee travel saving \$12.1 million
- Consolidated nearly 450,000 square feet of unused office space saving \$6.6 million annually
- Sold unused state property totaling \$3 million
- Cut the state’s fleet by more than 900 vehicles
- Decreased state agency utility consumption by nearly 20 percent since 2009
- Dramatically increased the number of state services available online

FISCAL EXCELLENCE

The Governor’s conservative fiscal management helped preserve Missouri’s AAA credit rating by all three major rating agencies - a rare *Triple Triple*. This rating serves as a measure of how a state manages its finances. Because of Missouri’s spotless record, school districts and local governments pay a lower interest rate on bonds. Governor Nixon will continue to protect the state’s AAA credit rating.

INFRASTRUCTURE INVESTMENTS

State leaders have an obligation to be good stewards of the public’s assets. Last session, the General Assembly authorized additional bonding capacity that is available because of strong financial management and debt reduction strategies. Governor Nixon will work with legislative leaders to develop a strategic, fiscally responsible proposal to address deteriorating conditions at the almost 100-year-old State Capitol, state parks, college campuses and veterans’ homes.

ETHICS REFORM

Since his first year in office, Governor Nixon has proposed comprehensive changes to Missouri’s ethics laws. Missouri has the weakest ethics laws in the nation. This year, the Governor renews his call for bipartisan ethics reform, including reinstatement of strict limits on campaign contributions to candidates.

TAX CREDIT REFORM

Since 1998, the redemption of state tax credits has grown 435 percent. The Governor’s Bipartisan Tax Credit Review Commission recommended a comprehensive package to modify or eliminate many tax credit programs that are not producing a substantial return on investment. Governor Nixon believes that reforms to the state’s largest tax credit programs are long overdue and will yield significant savings that would be better invested in public education.

CYBERSECURITY

The state’s economic vitality and security depend on a stable, safe and resilient cyberspace. Nationally, cyber intrusions and attacks have increased, exposing sensitive information and disrupting critical operations. To protect the state’s networks and information system resources, Governor Nixon will:

- Establish partnerships with government, private businesses, law enforcement and universities to bring together highly skilled and experienced members to improve cybersecurity efforts.
- Enhance the cybersecurity of Missouri government networks, systems and data.



Governor Nixon tours I&M Machine and Fabrication in St. Joseph.

JOBS

“ My administration will continue to support proven initiatives to bring more jobs and more opportunities to communities across the state. ”

~ Governor Jay Nixon

Governor Nixon works to promote Missouri as the best place to do business in the country. During his administration, companies have invested more than \$13.7 billion in 700 expansion projects in the state. New businesses are opening and existing companies are expanding – creating good jobs across Missouri. Missouri employers created more jobs in 2014 than in any year since 1997. In 2015, Governor Nixon will advance economic initiatives to increase exports, expand growth in rural areas and identify a long-term solution for funding the state’s transportation infrastructure needs.



Governor Nixon joins Ford Motor Company officials in Kansas City to announce 1,200 new jobs.

Missouri’s Department of Economic Development was named the **number one economic development agency** in the country

Created the **Show-Me Heroes** program to connect military veterans with jobs

Consolidated and modernized Missouri’s economic incentives into the single, business-friendly **Missouri Works** program

RURAL ECONOMY

Governor Nixon is devoted to advancing economic development in rural Missouri. Missouri is number two in the nation in the number of beef cattle; however, 95 percent of them end up being processed out-of-state. As a result, the state’s rural economy is missing out on over \$1 billion in value every year - dollars that should stay in the Show-Me State are now benefiting states like Texas, Colorado and Kansas. In 2015, Governor Nixon will continue to work with stakeholders to develop strategies that will boost farm income, create jobs and develop opportunities for branding and marketing beef products. The Governor will invest \$1.2 million in research to improve beef commercialization.

EXPORTS

Missouri sells \$2 billion worth of farm products abroad each year. Establishing and strengthening ties with foreign markets is crucial to growing the state’s economy. Missouri has been recognized as a top trade and export promotion state. Governor Nixon has led successful trade missions to China,

Brazil, Taiwan, England, France, Korea and Canada to expand markets for Missouri goods. The change in U.S. policies to open diplomatic relations with Cuba creates significant opportunities for Missouri agricultural exports. Governor Nixon’s administration is actively exploring trade with Cuba, and the Governor will lead a team there in 2015.

TRANSPORTATION

Missouri is the transportation center of the country. Strong, safe and reliable roads are critical to Missouri’s economic competitiveness. The funding to support Missouri’s transportation infrastructure has dramatically declined. In December 2014, Governor Nixon requested the Missouri Highways and Transportation Commission analyze the state’s most pressing transportation need – improving and expanding Interstate 70. The Governor will work with the General Assembly in 2015 to explore options to address Missouri’s transportation needs and ensure those who use the roads pay for them.



Governor Nixon presents agricultural achievement award to BioZyme, an animal nutrition and Export Missouri company.



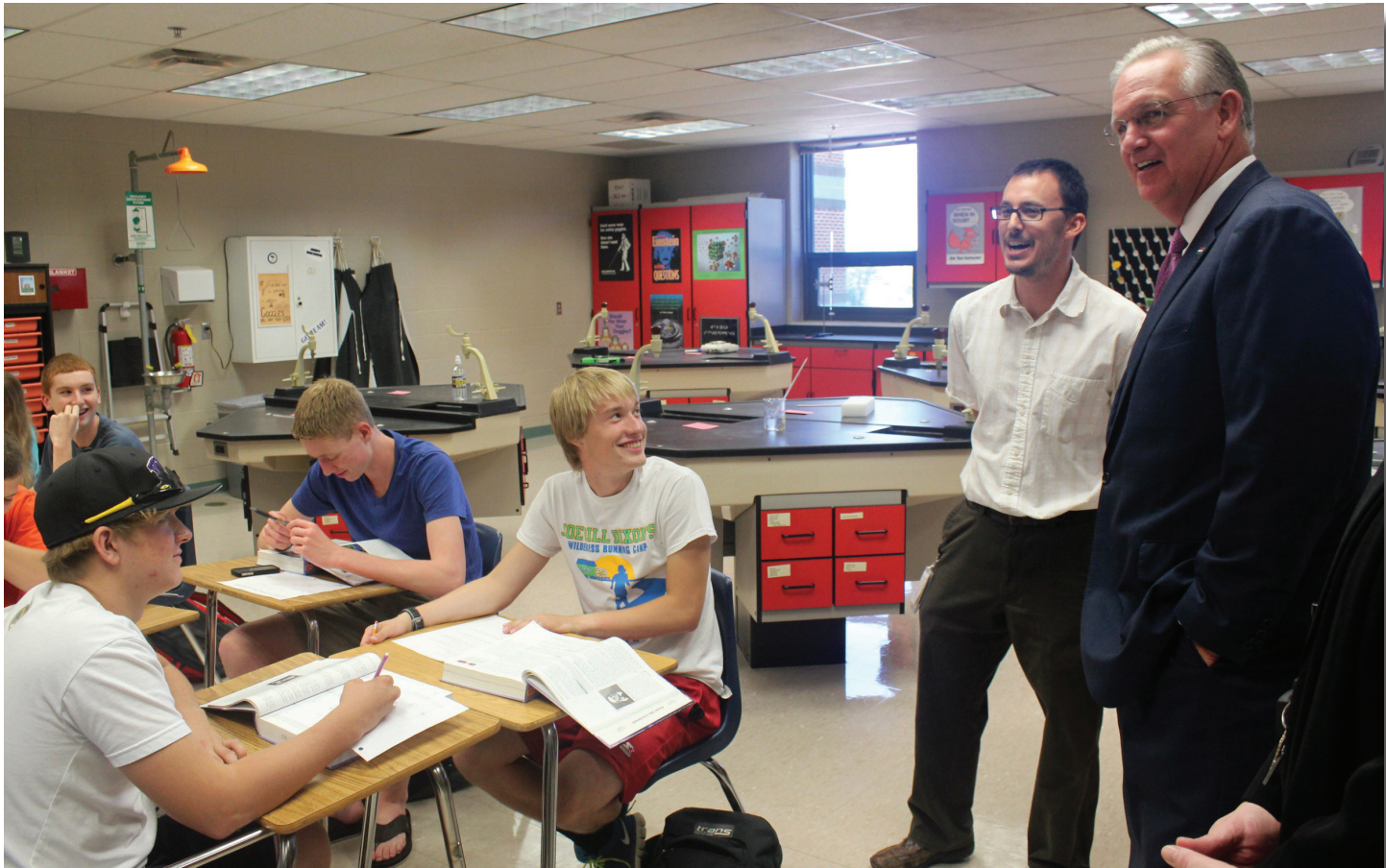
Governor Nixon visits with students at Bryan Hill Elementary in St. Louis.

EDUCATION

“ We know that quality public schools are vital to the success of our students and the strength of our economy, and that’s why public education needs to be the state’s top priority. ”

~ Governor Jay Nixon

Governor Nixon believes that opportunity starts with education. The Governor is committed to helping every child begin school ready to learn, graduate from high school and attend college. His Fiscal Year 2016 budget provides specific investments to assist students from low-income working families, provide additional funding for K-12 public schools and improve access to quality, affordable higher education.



Governor Nixon visits with students at Liberty High School.

Expanded the **A+ Scholarship Program**, increasing the number of students by 33 percent

Implemented a **performance-based funding** model for the state's public **colleges** and **universities**

Invested in Training for Tomorrow and Innovation Campus initiatives to develop the **workforce of tomorrow**

EARLY CHILDHOOD EDUCATION

Expanding access to quality early learning opportunities has been at the center of Governor Nixon's efforts to focus on early childhood education. The Governor's Fiscal Year 2016 budget includes an additional \$11 million to provide early education for low-income working families.

PUBLIC ELEMENTARY AND SECONDARY SCHOOLS

Governor Nixon continues to make K-12 education a priority, and the additional investments are paying off. During his administration, student test scores have improved. All Missouri students deserve an education that provides a pathway to progress and a good job. The Governor recommends increases of:

- \$150 million for K-12 classrooms, a record level of funding.
- \$2 million for Project Lead-the-Way, a rigorous Science, Technology, Engineering and Math (STEM) program to introduce elementary school students to the basics of the scientific process and strengthen problem-solving skills. Funding will expand the program tenfold across the state - from 34 schools to more than 380.
- \$500,000 for dropout prevention and workforce preparation for at-risk youth, delivered in the classroom through Jobs for America's Graduates.

The Governor will continue to insist on high standards to ensure students graduate ready to compete in the global economy.

Governor Nixon is committed to working with the General Assembly to enact a fix to the existing school transfer law that has led to stress and uncertainty for students, schools and families, as thousands of students have been transported from one district to another.



Governor Nixon tours Missouri University of Science and Technology's Schrenk Hall.

HIGHER EDUCATION

Governor Nixon has been unrelenting in his work to keep college affordable while holding Missouri's public colleges and universities accountable for their performance in educating students. The Governor recommends increases of:

- \$25 million for performance-based funding, which will be allocated based on specific measures of student success, degree completion, professional certification, financial responsibility, efficiency and equity.
- \$2 million for the A+ Scholarship Program, which provides two years of study for students at Missouri community colleges.
- \$2 million for the Access Missouri scholarship program, which provides assistance to low- and middle-income college students.

CAMPUS BUILDINGS

In October 2014, the Missouri Board of Public Buildings approved renovations at the University of Missouri-Columbia's College of Engineering. To facilitate other long-deferred repair and renovation projects on college campuses, Governor Nixon is working with legislative leaders on a fiscally responsible bonding package that will include an additional \$161.5 million for improvements at two- and four-year institutions.



Governor Nixon surveys tornado damage in University City.

COMMUNITIES

“ The legacy we leave will be measured by the lasting impact we have on the communities we serve. ”

~ Governor Jay Nixon

Throughout his administration, Governor Nixon has assisted Missouri individuals and communities facing difficult circumstances — whether it be areas recovering from natural disasters or veterans needing services. The Governor will continue to make investments that improve conditions for individuals and communities in need.



Governor Nixon presents four Missouri veterans, including Senator Wayne Wallingford (far right), with Silver Star banners to honor their service and sacrifice.

Launched the **Governor’s Faith-Based Community Service Partnership** for Disaster Recovery

Signed legislation phasing out the state tax on **military pensions** - the tax will be eliminated in 2016

Announced a **summer jobs program** to connect 3,500 youth from low-income families in St. Louis and Kansas City with employment

DISASTER RESPONSE

The State of Missouri has been hit with devastating natural disasters over the past six years - Governor Nixon has declared 20 states of emergency, visited affected communities to oversee the state’s response and ensured ongoing support is available to impacted victims and communities. Missouri communities and families have faced blizzard and ice emergencies, severe storms and tornadoes, unprecedented drought conditions and historic flooding. Governor Nixon ensured his administration deployed the people and resources to help those in need.

VETERANS’ HOMES

Missouri is home to nearly 500,000 veterans. In 2012, Governor Nixon worked across the aisle to provide a dedicated funding source for Missouri’s seven veterans’ homes, which care for more than 1,300 military veterans. There are nearly 2,000 Missouri veterans on waiting lists for placement in one of these homes. Governor Nixon is committed to providing support to care for those who fought for us. The Governor recommends:

- Building an additional home to decrease the number of veterans waiting for care.
- \$14.5 million for repair and renovations at Missouri veterans’ homes.

COMMUNITY ENGAGEMENT

Even though the state’s economic condition is improving, some areas of the state remain distressed by factors such as poverty, unemployment or underemployment. Governor Nixon created an Office of Community Engagement to explore challenges facing low-income and minority communities and to recommend solutions. We must work together to build a more just and prosperous future for all.

The events in Ferguson sparked a national conversation about race and equality, education and economic opportunity, public policy, law enforcement, the court system, personal responsibility and prejudice. Governor Nixon has appointed a commission to chart a new path toward positive change for the residents of St. Louis and announced the following initiatives to assist the region:

- A summer jobs program for thousands of low-income youth.
- Mental health resources.
- Math and science tutoring access for students.
- Low-interest small business loans for affected areas.
- Insurance guidance.
- Transportation improvements.

There is still work to do in communities across the state. Governor Nixon recommends:

- Reforming municipal courts so that all citizens are treated equally.
- Recruiting, training, supporting and certifying professional law enforcement that reflects the diversity of the community it serves.
- Strengthening failing schools and providing basic health care.



Governor Nixon stops by Corner Coffee House in Ferguson.



While at Operation Breakthrough, Missouri's largest single-site child care provider located in Kansas City, Governor Nixon signed legislation to protect Missouri's children.

HEALTH

“ Let's resolve to work together to make Missouri a healthier place to live. ”

~ Governor Jay Nixon

Governor Nixon is committed to providing essential services to Missourians who are in need of assistance – the uninsured, mentally ill, victims of child abuse and individuals with a developmental disability. In 2015, the Governor will continue to advocate for expanding Medicaid to cover the working poor and bring home Missouri tax dollars.



Governor Nixon signs legislation to protect children while at Little Angels Learning Academy in Battlefield.

Named a **Top-10 state** for providing individuals with intellectual and developmental disabilities the services and support they need to reach their full potential

Signed legislation to **strengthen child care** by implementing a new set of quality standards for child care providers that receive taxpayer funding

Reauthorized the **Missouri Rx program**, providing prescription assistance to senior citizens and Missourians with disabilities

HEALTH CARE FOR WORKING MISSOURIANS

Hundreds of thousands of working Missourians cannot afford to get the basic health services they need to lead healthy, productive lives. Many will continue to have to choose between going back to work and keeping their health insurance - 13,000 are veterans and 50,000 are in need of mental health care or substance abuse treatment. As a growing coalition of business and economic development organizations endorse Medicaid expansion, it is time to bring affordable health coverage to 300,000 working Missourians.

Last year, Missouri taxpayers sent \$2 billion to Washington that are being used, right now, to reform and improve health care in states that are moving forward on Medicaid. Governor Nixon proposes bringing Missouri’s tax dollars home by reforming and expanding Medicaid, which will generate \$117 million in savings and new revenue; this amount will increase in future years.

SERVICES FOR CHILDREN

Governor Nixon believes that one of our most important responsibilities is to ensure the safety of Missouri children. During his administration, the Governor has taken action to protect children from abuse or neglect and improve child care. Last year, Governor Nixon secured funding to reward successful child service workers and assist them in their jobs through training and technology enhancements. His Fiscal Year 2016 budget includes increases of:

- \$14.9 million to provide services for victims of child abuse and neglect committed to the state’s custody.
- \$2 million to ensure child care providers throughout the state are complying with safety requirements.



In Rolla, Governor Nixon meets with an individual participating in the Partnership for Hope program.

MENTAL HEALTH CARE

Improving mental health care is a priority for Governor Nixon. The Governor signed legislation to provide insurance coverage to children with autism spectrum disorders and launched the Partnership for Hope to support families caring for loved ones with developmental disabilities. Two years ago, Governor Nixon launched a strategic initiative to connect individuals in crisis with a health care professional before a situation becomes dangerous for law enforcement officers or the public. Last year, the Governor secured funding to eliminate the waiting list for developmental disability services. His Fiscal Year 2016 budget includes increases of:

- \$43 million to serve individuals with developmental disabilities who are in a crisis situation while transitioning between family, group-home and community care settings.
- \$13.9 million to continue to ensure there is no waiting list for individuals with developmental disabilities needing in-home services.
- \$10.6 million to provide comprehensive psychiatric care and access to alcohol and drug abuse treatment.



Governor Nixon opens the 2014 trout season at Bennett Spring State Park.

NATURAL RESOURCES

“ We must preserve Missouri’s priceless natural and cultural resources while meeting the challenges of environmental stewardship in the 21st Century. ”
~ Governor Jay Nixon

Missouri boasts beautiful state parks, roaring rivers, award-winning trails and many family-friendly attractions. Investing in the state’s natural resources creates jobs, promotes tourism and protects the environment. Governor Nixon will continue to protect and promote Missouri’s cultural and natural resources so that they are preserved for future generations.



Governor Nixon and the First Lady kick off the Governor’s 100 Missouri Miles Challenge at Forest Park in St. Louis.

Created the **State Parks Youth Corps** program to enhance state parks and historic sites by employing more than 2,880 Missouri youth

Launched the **100 Missouri Miles Challenge** to encourage Missourians to complete 100 miles of outdoor physical activity each year

Signed the **Energy Efficiency** Investment Act to give investor-owned utilities an incentive to implement energy efficiency programs



Governor Nixon and the First Lady join veterans of the Civilian Conservation Corps in dedicating a statue at Roaring River State Park near Cassville.

WATER RESOURCES

Missouri is home to 110,000 miles of rivers and streams and one of the largest man-made reservoirs in the midwest. Water quality is crucial to the lives of all Missourians and plays a significant role in the transportation, agriculture and tourism industries. Clean, abundant water is vital to the health and well-being of Missourians. The Missouri Department of Natural Resources (DNR) is tasked with ensuring the quality of Missouri water. The Governor’s Fiscal Year 2016 budget includes:

- \$70 million in bond proceeds to assist communities with water, wastewater and stormwater infrastructure needs.
- \$375,204 for DNR to evaluate water quality and work with communities unable to complete infrastructure upgrades due to financial challenges.

STATE PARKS

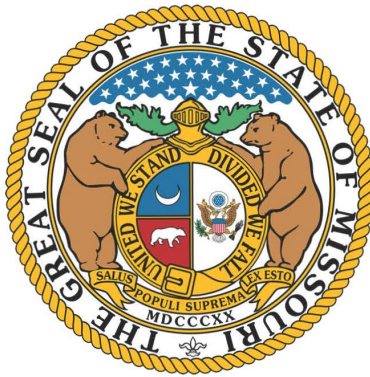
Missouri’s state parks have consistently been ranked as one of the top park systems in the nation. The 87 state parks and historic sites make more than 200,000 acres available to the public, including Civil War battlefields and homes of famous Missourians. Protecting state parks preserves our most outstanding landscapes - forests, prairies, streams and lakes for everyone’s enjoyment. In 2013, nearly 17.5 million people visited Missouri state parks to hike, bike, camp, fish, paddle, discover the past and explore nature.

The Governor’s Fiscal Year 2016 budget includes \$49 million in bond proceeds to repair and renovate state parks. A portion of this funding will be dedicated to conserving structures built by the Civilian Conservation Corps during the 1930s.



STATE ENERGY PLAN

Governor Nixon is committed to advancing the state’s energy future. In the fall of 2014, the Governor named a steering committee of more than 50 business, labor, education and energy leaders to develop a Comprehensive State Energy Plan. The committee will continue its work in 2015 to formulate recommendations that will guide the state in reliably meeting future energy needs, while fostering energy-related economic development.



PRODUCED JANUARY 2015

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